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Forest industries must be profitable both locally and internationally

In January-September 2006 paper and paperboard production in Finland reached 10.6 million tons, setting a new record. Products prices are determined on global markets, where success goes to those with competitive production costs. The Finnish forest industries will succeed against tough competition if operating models are renewed to support productivity improvement, wood and energy are in adequate supply at competitive prices and the renewal of the industry is supported by innovations and developing expertise.

In recent years productivity in the paper industry has developed more slowly in Finland than in other paper-producing countries. The weak development of productivity together with competition from emerging markets has forced the industry to structural changes.

"Operations must be profitable both locally and internationally. The success of Finland's forest industries requires the renewal of the collective agreement in the branch so that operating models meet the present day. The forest industries also need plenty of domestic wood, since production is on a record level," says Dr **Anne Brunila**, President and CEO of the Finnish Forest Industries Federation. "In spite of investments in energy saving, the need for energy rises with growth in production. Therefore, investments in energy supply are essential so that industry doesn't reach a dead-end," she adds.

"There is no shortage of paper in the world and we cannot charge extra for Finnish paper to cover the high cost level. We must be able to produce paper at market prices in Finland, where many costs are higher than in the main competing countries," Dr Brunila points out.

The forest industries can succeed in Finland but its profitability must be improved and costs must be cut. Also investments in R&D and innovations require improved profitability. Success is possible in global competition if the branch can find the common will to develop operations over the long term.

APPENDIX

Forest industry production in Finland in January-September 2006

The Finnish Forest Industries Federation represents companies in the forest-based and related industries in Finland. Its task is to promote the competitiveness and profitability of the paper and wood products industries by strengthening their operating conditions and positive image in Finland and abroad. The organization's membership covers the entire pulp, paper and paperboard industries and about 80% of the wood products industry in Finland.

Finnish Forest Industries Federation

P.O. Box 336, FI-00171 Helsinki, Snellmaninkatu 13, 00170 Helsinki

Telephone +358 9 132 61, Fax +358 9 132 4445, name.surname@forestindustries.fi, www.forestindustries.fi



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The sustainable use of renewable natural resources supports growth, employment, welfare and sustainable development in Europe. The forest-based sector is a significant European branch with a key role in promoting sustainable development. The sector wants to make the sustainable use of renewable natural resources one of the themes of the Finnish Presidency of the EU.